



This Value Stock Could Double Your Money

Description

Uni?Select ([TSX:UNS](#)) is a leader in the distribution of automotive refinish and industrial paint and related products in North America as well as a leader in the [automotive aftermarket parts business](#) in Canada and in United Kingdom. The company is headquartered in Boucherville, Québec..

The company has a price-to-earnings ratio of 10.87, a price-to-book ratio of 0.85, and market capitalization of \$464 million. Low-cost debt is occasionally used at Uni-Select, as evidenced by a debt-to-equity ratio of 1.04. The company has average performance metrics with an operating margin of 3.93% and a return on equity of 2.52%.

In Canada, Uni?Select supports over 16,000 automotive repair and [collision repair shops](#) through a growing national network of over 1,100 independent customers and more than 70 company-owned stores. The company also supports over 3,900 shops through automotive repair/installer shop banners as well as through multiple automotive refinish banners.

In the United States, Uni?Select, through a wholly owned subsidiary, FinishMaster, operates a national network of over 200 automotive refinish company-owned stores and services a network of over 30,000 customers annually, of which it is the critical supplier to over 6,800 collision repair centre customers.

In the U.K. and Ireland, Uni?Select, through the Parts Alliance group of subsidiaries, is a leading distributor of automotive parts supporting over 23,000 customer accounts with a network of over 180 company-owned stores.

The company has recently implemented new business strategies and initiatives and built a long-term platform for profitable growth while thoroughly reviewing the cost structure to serve models to optimize profitability. The company completed 26 acquisitions over the 2016 to 2018 period, which added 279 company owned stores to the network.

Uni-Select also improved operational efficiency by successfully integrating business acquisitions, launching a plan to align the cost structure with the evolution of the business model as well as developed and optimized software tools. The company also added a corporate store network, complementing the network of independent customers. The company recently acquired The Parts

Alliance, a U.K. leader in the distribution of automotive aftermarket parts.

The company is very sound financially position and pays a regular dividend. In 2019, Uni-Select reported higher sales and earnings before interest, tax, depreciation, and amortization (EBITDA) primarily related to The Parts Alliance acquisition.

Uni-Select delivered consolidated sales of \$1.8 billion, up 21% over last year, primarily as a result of the full-year contribution from The Parts Alliance U.K. segment and the strength of organic growth in all three business segments.

In 2018, the company generated \$94.6 million of cash flow from operations, which was used for capital expenditures, including intangibles, customer investments, acquisitions, and dividends.

During the year, the company also amended and extended the credit agreement by one year to a total term of five years at similar financial costs, providing extra flexibility to manage working capital in the current market environment. Uni-Select's deleveraging objective is to bring the ratio down to 2.5 times by 2021.

Overall, Uni-Select provides a great way for the Canadian retail investor to gain portfolio exposure to the global automotive market. The valuation is inexpensive, providing an attractive entry point for long-term value investors to aggressively purchase shares.

CATEGORY

1. Investing

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1. TSX:UNS (Uni-Select)

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1. Business Insider
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